
By: **Senators Teitelbaum, Exum, Lawlah, and Middleton**
Introduced and read first time: February 6, 2004
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Group Market - Limited Health Benefit Plan**

3 FOR the purpose of requiring the Maryland Health Care Commission to adopt
4 regulations that specify the Limited Health Benefit Plan to be offered in the
5 small group health insurance market; establishing that a purpose of the
6 Commission is to develop a certain set of benefits to be included in the Limited
7 Plan; establishing an exception for the Limited Plan to the prohibition on a
8 person offering a health benefit plan without offering at least the
9 Comprehensive Standard Health Benefit Plan; establishing an exception for the
10 Limited Plan to the prohibition on a carrier offering a health benefit plan that
11 has fewer benefits than those in the Standard Plan; providing that a carrier may
12 offer the Limited Plan only to certain small employers; requiring certain
13 benefits to be included in the Limited Plan; requiring the Limited Plan to
14 include certain deductibles and cost-sharing; requiring the Commission to take
15 certain action in establishing cost-sharing as part of the Limited Plan; defining
16 a certain term; requiring the Commission to adopt certain regulations on or
17 before a certain date; requiring the Commission and the Maryland Insurance
18 Commissioner to take certain actions to ensure that the Limited Plan is
19 available to be offered in the small group market on a certain date; requiring the
20 Commission to submit a certain report to the Governor and certain committees
21 of the General Assembly on or before a certain date; providing for the
22 termination of this Act; and generally relating to the Limited Health Benefit
23 Plan under small group market health insurance.

24 BY renumbering

25 Article - Insurance
26 Section 15-1201(i) through (p), respectively
27 to be Section 15-1201 (j) through (q), respectively
28 Annotated Code of Maryland
29 (2002 Replacement Volume and 2003 Supplement)

30 BY repealing and reenacting, without amendments,

31 Article - Health - General
32 Section 19-103(a)

1 Annotated Code of Maryland
2 (2000 Replacement Volume and 2003 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article - Health - General
5 Section 19-103(c)(6)
6 Annotated Code of Maryland
7 (2000 Replacement Volume and 2003 Supplement)

8 BY repealing and reenacting, without amendments,
9 Article - Insurance
10 Section 15-1201(a)
11 Annotated Code of Maryland
12 (2002 Replacement Volume and 2003 Supplement)

13 BY adding to
14 Article - Insurance
15 Section 15-1201(i) and 15-1204(g)
16 Annotated Code of Maryland
17 (2002 Replacement Volume and 2003 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article - Insurance
20 Section 15-1204(b) and (c) and 15-1207
21 Annotated Code of Maryland
22 (2002 Replacement Volume and 2003 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That Section(s) 15-1201(i) through (p), respectively, of Article -
25 Insurance of the Annotated Code of Maryland be renumbered to be Section(s)
26 15-1201(j) through (q), respectively.

27 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
28 read as follows:

29 **Article - Health - General**

30 19-103.

31 (a) There is a Maryland Health Care Commission.

32 (c) The purpose of the Commission is to:

33 (6) In accordance with Title 15, Subtitle 12 of the Insurance Article,
34 develop:

1 (i) A uniform set of effective benefits to be included in the
2 Comprehensive Standard Health Benefit Plan; [and]

3 (II) A UNIFORM SET OF EFFECTIVE BENEFITS TO BE INCLUDED IN
4 THE LIMITED HEALTH BENEFIT PLAN; AND

5 [(ii)] (III) A modified health benefit plan for medical savings
6 accounts;

7 **Article - Insurance**

8 15-1201.

9 (a) In this subtitle the following words have the meanings indicated.

10 (I) "LIMITED PLAN" MEANS THE LIMITED HEALTH BENEFIT PLAN ADOPTED
11 BY THE COMMISSION IN ACCORDANCE WITH § 15-1207 OF THIS SUBTITLE AND TITLE
12 19, SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE.

13 15-1204.

14 (b) [A] EXCEPT FOR THE LIMITED PLAN, A person may not offer a health
15 benefit plan in the State unless the person offers at least the Standard Plan.

16 (c) [A] EXCEPT FOR THE LIMITED PLAN, A carrier may not offer a health
17 benefit plan that has fewer benefits than those in the Standard Plan.

18 (G) A CARRIER MAY OFFER THE LIMITED PLAN ONLY TO A SMALL EMPLOYER
19 THAT:

20 (1) HAS NOT PROVIDED A HEALTH BENEFIT PLAN DURING THE
21 24-MONTH PERIOD PRECEDING THE DATE OF APPLICATION OR, IF THE SMALL
22 EMPLOYER HAS EXISTED FOR LESS THAN 12 MONTHS, FROM THE DATE THE SMALL
23 EMPLOYER COMMENCED ITS BUSINESS; AND

24 (2) PAYS ITS EMPLOYEES AN AVERAGE WAGE UNDER 200% OF THE
25 FEDERAL POVERTY LEVEL.

26 15-1207.

27 (a) In accordance with Title 19, Subtitle 1 of the Health - General Article, the
28 Commission shall adopt regulations that specify:

29 (1) the Comprehensive Standard Health Benefit Plan to apply under this
30 subtitle; [and]

31 (2) THE LIMITED HEALTH BENEFIT PLAN TO APPLY UNDER THIS
32 SUBTITLE; AND

1 [(2)] (3) a modified health benefit plan for medical savings accounts that
2 qualify under the federal Health Insurance Portability and Accountability Act of 1996,
3 including:

4 (i) a waiver of deductibles as permitted under federal law;

5 (ii) minimum funding standards for medical savings accounts; and

6 (iii) authorization for offering the modified plan only by those
7 persons who offer the Comprehensive Standard Health Benefit Plan adopted in
8 accordance with item (1) of this subsection.

9 (b) The Commission shall require that the minimum benefits allowed to be
10 offered in the Standard Plan:

11 (1) by a health maintenance organization, shall include at least the
12 actuarial equivalent of the minimum benefits required to be offered by a federally
13 qualified health maintenance organization; and

14 (2) by an insurer or nonprofit health service plan on an
15 expense-incurred basis, shall be actuarially equivalent to at least the minimum
16 benefits required to be offered under item (1) of this subsection.

17 (C) THE COMMISSION SHALL REQUIRE THAT THE BENEFITS ALLOWED TO BE
18 OFFERED IN THE LIMITED PLAN SHALL INCLUDE:

19 (1) INPATIENT HOSPITALIZATION COVERAGE FOR:

20 (I) THE FIRST 10 DAYS OF INPATIENT HOSPITAL AND
21 PROFESSIONAL SERVICES COVERAGE PER YEAR, WHETHER FOR MENTAL OR
22 PHYSICAL ILLNESS; OR

23 (II) THE FIRST 10 DAYS OF INPATIENT HOSPITAL AND
24 PROFESSIONAL SERVICES COVERAGE PER YEAR FOR PHYSICAL ILLNESS ONLY;

25 (2) TEN OFFICE VISITS WITH A LICENSED HEALTH CARE PROVIDER FOR
26 EACH INSURED PER YEAR FOR PREVENTIVE CARE AND THE DIAGNOSIS AND
27 TREATMENT OF ANY ILLNESS OR INJURY, INCLUDING REASONABLE COVERAGE OF
28 MEDICALLY NECESSARY LABORATORY AND DIAGNOSTIC PROCEDURES;

29 (3) OUTPATIENT SURGICAL PROCEDURES PROVIDED IN A HOSPITAL OR
30 FREESTANDING AMBULATORY SURGICAL FACILITY;

31 (4) REASONABLE COVERAGE OF PRENATAL CARE, INCLUDING:

32 (I) FOR PRENATAL OFFICE VISITS, A MINIMUM OF:

33 1. ONE VISIT PER MONTH DURING THE FIRST TWO
34 TRIMESTERS OF PREGNANCY;

1 [(f)] (G) The Standard Plan AND THE LIMITED PLAN EACH shall include
2 uniform deductibles and cost-sharing associated with its benefits, as determined by
3 the Commission.

4 [(g)] (H) In establishing cost-sharing as part of the Standard Plan AND THE
5 LIMITED PLAN, the Commission shall:

6 (1) include cost-sharing and other incentives to help prevent consumers
7 from seeking unnecessary services;

8 (2) balance the effect of cost-sharing in reducing premiums and in
9 affecting utilization of appropriate services; and

10 (3) limit the total cost-sharing that may be incurred by an individual in
11 a year.

12 SECTION 3. AND BE IT FURTHER ENACTED, That:

13 (a) on or before July 1, 2005, the Maryland Health Care Commission shall
14 adopt regulations that specify the Limited Health Benefit Plan, as required under §
15 15-1207(a)(2) of the Insurance Article, as enacted by Section 2 of this Act; and

16 (b) the Maryland Health Care Commission and the Maryland Insurance
17 Commissioner shall take all other actions necessary to ensure that the Limited
18 Health Benefit Plan is available to be offered in the small group health insurance
19 market on July 1, 2005.

20 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before January 1,
21 2008, the Maryland Health Care Commission shall submit to the Governor and, in
22 accordance with § 2-1246 of the State Government Article, to the Senate Finance
23 Committee and the House Health and Government Operations Committee, a report
24 that includes:

25 (a) for the periods July 1, 2005 through June 30, 2006, and from July 1, 2006
26 through July 1, 2007, data on:

27 (1) the number of carriers offering Limited Health Benefit Plan policies
28 in the State;

29 (2) the number of Limited Health Benefit Plan policies in effect in the
30 State;

31 (3) the number of eligible employees covered under the policies;

32 (4) the age, geographic area of residence, and income level of eligible
33 employees covered under the policies; and

34 (5) the impact of the Limited Health Benefit Plan on the small group
35 health insurance market and the population of uninsured individuals in the State;
36 and

1 (b) recommendations on continuing or expanding the availability of the
2 Limited Health Benefit Plan in the small group health insurance market.

3 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2004. It shall remain effective for a period of 4 years and, at the end of June
5 30, 2008, with no further action required by the General Assembly, this Act shall be
6 abrogated and of no further force and effect.